U.S. Daily-Rental Market Profile—1/1/89

Rank	Company	Number U.S. Locations	Number U.S. Cars (Incl. Licensees)	Percent Revenue Market Share	Estimated '88 Revenue (Millions)
Primarily Business/Leisure					
1.	Hertz	1,500	170,000	26.4%	$1,500
2.	Avis	1,400	145,000	19.4%	1,100
3.	Budget	1,200	107,000	15.8%	900
4.	National	900	102,000	15.0%	850
5.	Alamo	100	55,000	7.0%	400
6.	Dollar	325	35,000	5.3%	300
7.	Thrifty	350	27,000	5.3%	300
8.	American Int'l	175	13,000	3.0%	170
9.	General	35	11,000	1.5%	85
10.	Value, Avon, Etc.	50	12,000	1.3%	75
		5,935	677,000	100.0%	$5,680
Primarily Accident/Repair					
1.	Enterprise	370	70,000	47.3%	310
2.	Agency	550	32,000	30.5%	200
3.	Snappy	235	18,000	15.3%	100
4.	Action	125	7,000	6.9%	45
		1,280	127,000	100.0%	$655
U.S. Industry Totals		7,215	804,000	—	$6,335
Local & Repair Major Factory Dealer Systems					
1.	FRAC (Ford)	6,000	32,000	48.6%	$ 175
2.	GM (Not organized)	9,000	22,000	34.7%	125
3.	DRAC (Chrysler)	4,000	12,000	16.7%	60
		19,000	66,000	100.0%	$360

Avg. Mo. Revenue/Car	
Business/Leisure	$699 / Car / Mo.
Accident/Repair	$430 / Car / Mo.

Source: *Automotive Fleet* Research Department. Copyrighted 1989

Size and Model Cars Purchased By Major Leasing Companies 1988 vs. 1987

SIZE AND MODEL
(In Percent)

Luxury	Standard	Intermediate	Compact	Subcompact	Imports
Electra/Park Ave.	LeSabre	Regal	Eagle	Alliance	All
Riviera	Caprice	Century	Skylark	Skyhawk	Models
Coupe de Ville	Diplomat	Monte Carlo	Aries	Cavalier	
Sedan de Ville	LTD Crown Vic	Celebrity	Laser	Omni	
Fleetwood	Grand Marquis	LeBaron	Daytona	Colt	
Eldorado Coupe	Delta 88	Thunderbird	Topaz	Escort/EXP	
Seville Sedan	Fifth Ave.	Cougar	Calais	Capri	
Continental		Cutlass Supreme	Reliant	Horizon	
Mark VII		Cutlass Ciera	Camaro	Fiero	
Town Car		6000	LeBaron GTS	Mustang	
Olds 98		Grand Prix	Tempo	Sprint	
Toronado		Bonneville	Somerset Regal	Spectrum	
Corvette		New Yorker	Grand Am	Nova	
Allante		Taurus	Firebird	Sunbird	
XR4Ti		Sable	Conquest/Vista	Tracer	
Scorpio		Premier	Lancer	LeMans	
		Dynasty	Golf		
			Shadow		
			Sundance		
			Beretta		
			Corsica		
			Medallion		

COMPANY	YEAR	LUXURY	STANDARD	INTER-MEDIATE	COMPACT	SUB-COMPACT	IMPORTS
ASSOCIATES	1988	5.8	17.7	62.0	9.3	2.1	3.1
	1987	2.5	11.2	68.8	12.2	3.1	2.2
ARI	1988	6.0	10.0	57.0	19.0	6.4	1.6
	1987	3.5	8.6	64.4	7.1	15.3	1.1
DONLEN	1988	4.4	11.8	66.7	12.0	3.6	1.5
	1987	2.6	12.6	68.9	11.1	3.5	1.3
ENTERPRISE	1988	6.2	10.1	74.5	6.4	2.5	0.3
	1987	5.3	12.4	73.4	5.9	2.9	0.1
GE CAPITAL FLEET SERVICES	1988	1.4	11.9	61.5	15.9	6.7	2.6
	1987	1.5	9.0	60.7	15.5	9.9	3.4
LEASE PLAN	1988	2.0	7.0	70.4	14.1	4.2	2.3
	1987	1.7	8.1	68.7	14.3	5.7	1.5
LEND LEASE CARS	1988	5.1	12.7	68.8	7.1	3.5	2.1
	1987	4.4	10.3	68.7	6.2	8.3	2.1
LMV	1988	1.0	10.5	66.1	11.7	8.5	2.2
	1987	1.0	10.0	66.0	12.0	9.0	2.0
MCCULLAGH	1988	6.7	15.0	57.8	10.0	8.7	1.8
	1987	5.0	16.2	64.5	9.6	2.7	2.0
PHH FLEET AMERICA	1988	2.5	8.5	64.5	18.8	5.0	0.9
	1987	1.7	6.8	65.9	18.1	6.3	1.2
U.S. FLEET LEASING	1988	5.0	15.3	53.4	13.9	1.1	1.3
	1987	6.0	12.0	68.0	9.0	2.0	3.0
WHEELS	1988	2.0	7.5	75.9	8.8	4.6	1.2
	1987	0.6	10.3	77.7	7.5	3.1	0.8

Fleet-Car Operating Costs by Region

1 = New England 2 = Mid East 3 = Great Lakes 4 = Southeast 5 = Plains 6 = Southwest 7 = Rocky Mountains 8 = Far West

Regional Code	Running Expenses ¢/mile	Standing Expenses $/month
1	6.62	340.76
2	7.40	333.02
3	6.30	328.06
4	6.70	333.00
5	6.29	343.88
6	6.61	333.17
7	7.17	335.47
8	7.00	324.67
USA	**6.75**	**332.59**

Notes: Running expenses are incurred when a car is being driven, and include gasoline, oil, tires, and maintenance. Standing expenses are incurred whether or not the car is used, and include such fixed costs as insurance and license fees. Data covers leased cars and company-owned cars, from December 1988 U.S. Corporate Fleet Performance Report.
Source: PHH FleetAmerica, Center for Analysis and Research, which maintains a computerized data base on fleet car costs for its clients.

NAFA Personal-Use and Used-Car Data

Reimbursement For Use Of Personal Car
Mileage Only
(No Assigned Fleet Car)
U.S. Commercial Fleets

Amount	1983	1984	1985	1986	1987
15¢ or less	2%	1%	1%	Industry	Industry
16-19¢	11%	10%	5%	average	average
20¢	72%	56%	42%	20.6¢	21.5¢
20½¢	*	22%	22%		
21-24¢	12%	10%	28%		
25¢ or more	3%	1%	2%		

(*Not broken out in those surveys — included in "more than 20 cents a mile" category.)

Note: The 1987 and 1988 surveys present only the industry median averages for 1986 and 1987 with no break down by cents category.

Reimbursement For Use Of Personal Car
Mileage Only
(Assigned Fleet Car Not in Service)
U.S. Commercial Fleets

Amount	1983	1984	1985	1986	1987
15¢ or less	2%	1%	2%	Industry	Industry
16-19¢	9%	8%	5%	average	average
20¢	73%	56%	42%	20.7¢	21.4¢
20½¢	*	23%	23%		
21-24¢	14%	9%	26%		
25¢ or more	3%	3%	2%		

(*Not computed in those surveys — included in "more than 20 cents a mile" category.)

Note: The 1987 and 1988 surveys present only the industry median averages for 1986 and 1987 with no break down by cents category.

Number of Model Year Cars Sold

	1987	1988 All U.S. Fleets
U.S. Commercial Fleets		
1984 Model Year	23,404	9,566
1985 Model Year	11,716	5,806
1986 Model Year	4,837	20,156
1987 Model Year	NA	5,798
U.S. Government Fleets		
1984 Model Year	679	
1985 Model Year	123	
1986 Model Year	12	
1987 Model Year	NA	
U.S. Public Utilities Fleets		
1984 Model Year	207	
1985 Model Year	86	
1986 Model Year	33	
1987 Model Year	NA	

Average Age of Vehicles Sold

Months		
U.S. Commercial Fleets	31	32
U.S. Government Fleets	55	60
U.S. Public Utilities Fleets	61	61
Miles		
U.S. Commercial Fleets	64,356	64,540
U.S. Government Fleets	87,231	85,127
U.S. Public Utilities Fleets	81,362	86,286

Selling Methods
Number of Cars Sold in Each Category

	1987	1988
U.S. Commercial Fleets		
Wholesaler/Auto Auction	26,367	28,800
Employee	15,023	14,449
Used Car Dealer	3,026	2,783
New Car Dealer (Trade-In)	3,250	2,336
Salvage/Other	3,743	4,429
U.S. Government Fleets		
Wholesaler/Auto Auction	3,291	9,363
Employee	21	28
Used Car Dealer	25	290
New Car Dealer (Trade-In)	80	73
Salvage/Other	84	9,137
U.S. Public Utilities Fleets		
Wholesaler/Auto Auction	1,803	2,996
Employee	438	172
Used Car Dealer	399	1,401
New Car Dealer (Trade-In)	26	28
Salvage/Other	84	214

NAFA's 1988 Survey of Operating Expenses

Automobile
Average Cents/Mile Cost Per Vehicle
(All Size Vehicles)

Primary Fleet Function	Average Monthly Mileage	Fuel	Oil	Maintenance and Repairs	Tires and Tire Repairs	Total*
Sales	2,204	4.22¢	0.19¢	1.60¢	0.38¢	6.39¢
Service/Repair	2,229	4.47	0.25	1.63	0.38	6.72
Public Utility	1,242	3.99	0.77	1.93	0.41	7.89
Government	3,683	4.34	0.32	2.97	0.46	9.94
Law Enforcement	1,864	4.65	0.19	2.27	0.79	7.66
Other	2,269	4.45	0.33	2.47	0.24	7.53

Vans
Average Cents/Mile Cost Per Vehicle
(Mini- and Full-Size Vans)

Primary Fleet Function	Average Monthly Mileage	Fuel	Oil	Maintenance and Repairs	Tires and Tire Repairs	Total*
Sales	2,542	6.09¢	0.42¢	2.43¢	0.50¢	9.11¢
Service/Repair	2,154	5.71	0.31	2.95	0.71	10.69
Public Utility	1,000	6.05	0.66	4.84	0.98	13.15
Government	1,707	6.60	0.33	4.39	0.53	14.25
Law Enforcement	1,600	4.50	0.50	2.50	0.50	7.50
Other	2,473	6.54	0.75	2.15	0.25	13.41

Light-Duty Trucks
Average Cents/Mile Cost Per Vehicle

Primary Fleet Function	Average Monthly Mileage	Fuel	Oil	Maintenance and Repairs	Tires and Tire Repairs	Total*
Sales	1,920	7.61¢	0.23¢	2.99¢	0.84¢	11.31¢
Service/Repair	1,866	8.44	0.27	4.70	0.96	15.17
Public Utility	1,070	6.85	0.80	5.32	0.95	13.56
Government	1,946	5.69	0.37	5.19	0.85	13.67
Law Enforcement	1,350	6.00	0.30	3.00	0.70	9.93
Other	NA	NA	NA	NA	NA	NA

*When individual average costs are added, their total may not equal the total shown due to the fact that some respondents gave only Total Expenses and not expenses for each item.

NOTE

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122, 124, 126, 128, 190, 194

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automotive FLEET®

CAR AND LIGHT TRUCK FLEET AND LEASING MANAGEMENT MAGAZINE

LEASE VS. BUY

'89 MODEL BIG BUYS

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Reynolds American Home Products ConRail General Electric—Ind. Pow. Sara Lee Corp. Rockw
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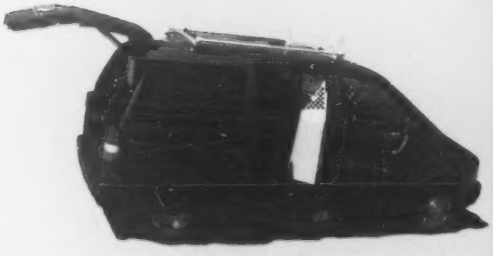
TOP 2nd 100 COMMERCIAL FLEETS

50 YEARS AT WHEELS

FLEET MANAGER COMPENSATION



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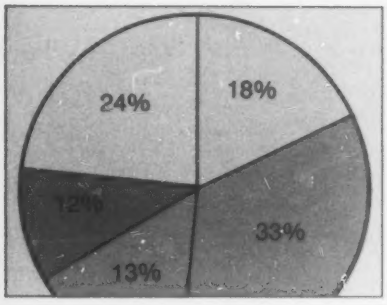
CAR AND LIGHT TRUCK FLEET AND LEASING MANAGEMENT MAGAZINE

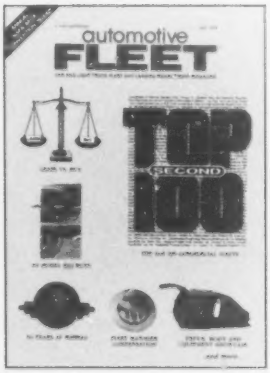
APRIL 1989
VOL. 28, NO. 6

Influencing the management of 4,720,000 cars and 2,000,000 light trucks and vans in business, leasing, rental, utility, government, police and taxi fleets.



p. 61

p. 111



On the cover: This month's front cover features a graphic montage highlighting the Top Second 100 and other key articles in this special convention issue.

Features

21 **The Big Fleet Buys of 1989**
A look at the 1989-model year's major purchases.

38 **Average Fleet Salary Reaches $41,000 in 1989 Survey**
Size of fleet is just one factor determining fleet manager salaries.

51 **A Historical 'Who's Who' in Factory Fleet Sales**
A trip down memory lane.

61 **Options For Fleet Remarketing**
Where fleet managers can turn to dispose of vehicles.

66 **Don't Get Trapped by 'We've Always Done It That Way'.**
Analyzing the lease vs. buy vs. reimbursement issue.

74 **Who Will It Be?**
One of three finalists will be named 1989's Professional Fleet Manager.

78 **Low Cost Maintenance Control**
Industry reactions to the Ford Fleet Service Plan.

84 **New Vehicle Price Relationships**
A quick way to compare new model prices.

96 **Cadillac's Roadside Service Program**
GM's luxury division expands its customer service coverage.

100 **Creating a Client/Lessor Partnership**
An innovative program from ARI aims at better customer service.

104 **The Chevrolet Bid Center**
Dealer assistance on government, utility, and railroad bids.

108 **Customizing Coupon Book Service**
Introducing FleetGuard—state-of-the-art preventive maintenance.

111 **AF's 1st Annual Top Second 100**
Tracking the larger fleets—numbers 101 to 200.

131 **Fifty Years of Wheels**
The first fleet leasing company celebrates its golden anniversary.

146 **NAFA and AFLA Convention Agendas**
A schedule of activities for the New York City conferences.

Truck Section

152 **Franchising Mobile Distribution Vans**
Warehouses on wheels.

158 **Showcasing Trucks, Bodies, and Equipment**
A pictorial rundown of the light-duty truck and body market.

Departments

Letters	11	Used-Car Prices	190
Industry News	13	New Products	192
Hotline	19	Classified	194
Light Truck/Van News	176	Gas Prices	194
Personnel Personals	179	Calendar	195
Retail Leasing	182	Ad Index	195
Fleet Leasing	185	Editorial	196
Rental	185		

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COMPENSATION

Size of fleet, corporate title, and whether that fleet is in a private business, a utility, or a political subdivision are ruling factors when it comes to determining management pay, according to a new industry survey.

Average Fleet Salary Reaches $41,000 in 1988 Survey

Figure 1

Fleet Management Responsibilities by Title

	Vice President	Director	Manager	Admin.	Others*
Develop Fleet Policies & Procedures	100%	100%	98%	100%	100%
Select New Vehicles	100%	92%	98%	93%	94%
Arrange for Disposal of Used Vehicles	100%	75%	89%	73%	76%
Project Annual Budget	100%	92%	87%	80%	76%
Authorize Maintenance/ Repair	100%	42%	87%	80%	76%
Manage Preventive Maintenance Program	67%	58%	82%	67%	53%
Negotiate with Vendors	100%	92%	80%	73%	82%
Manage Car Rental Program	67%	17%	51%	60%	18%
Supervise Motor Pool	0%	8%	40%	27%	41%
Supervise Mechanics	67%	17%	38%	7%	29%
Supervise Van Pool	0%	8%	27%	20%	12%
Review Driver Expense Reports	33%	33%	24%	48%	18%

*Includes supervisors, superintendents, engineers, buyers, consultants, and analysts.

The "typical" fleet manager is a 43.8-year-old male who spends 69.4 percent of his time as "manager" of 421 cars, has been in his job for 5.3 years, has a college education, and makes $41,100 a year.

According to the survey by Runzheimer International, 84 percent of

the respondents of the survey were men, only 16 percent women.

The highest average salary reported in the 1988 survey was $62,500 for vice presidents. Fleet directors said they were paid an average of $50,000. The most common title reported was manager where the average pay was $45,000. Administrators averaged $29,500. A category of "other" lumped together the disparate titles of supervisors, superintendents, engineers, buyers, consultants, and analysts with an average annual pay of $38,300.

Size of fleet often but not always counts with bosses setting pay, the survey indicates. Those with fewer than 100 vehicles to manage were paid an average of $37,000, however, more than the $35,000 for those with 101 to 300 vehicles, probably due to wide-ranging duties that had little to do with fleet administration.

For those with fleets of 301 to 500 vehicles, pay averaged $40,000; the same as for those with 501 to 1,000 vehicles. Those who managed fleets over 1,000 vehicles reported average pay of $48,000 a year.

Fleet managers in the utility business, whether government or privately owned, earned more than those in private business or government. The utility fleet manager averaged $51,500, compared with $38,000 for business and $37,500 for government.

"Fleet managers in the utility business, whether government or privately owned, earned more than those in private business."

Unfortunately, the survey does not compare pay with education. It does, however, indicate that 12 percent of the fleet managers who responded had advanced degrees, 50 percent had college degrees, 26 percent more had some college training, and 12 percent had only high school credentials.

Business management backgrounds appeared important with 33 percent of the survey respondents reporting this employment background; 12 percent stating their background was in automotive mechanics; seven percent indicating an engineering or fleet management

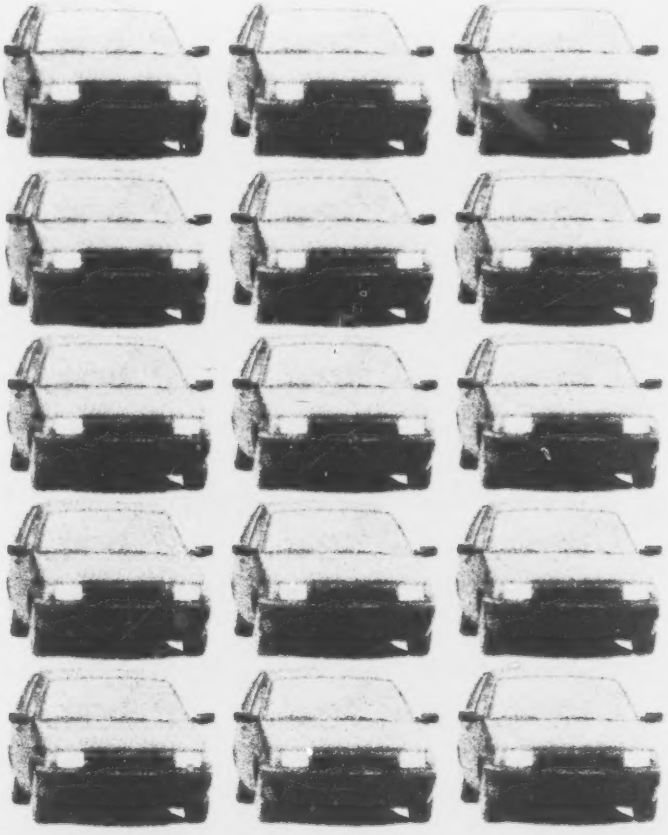

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Figure 2

Average Annual Salary by Type of Fleet

Business	$38,000
Utility	$51,500
Government	$37,500

Figure 3

Average Salary of Fleet Executives by Fleet Size

Fewer than 100	$37,000
101 - 300	$35,000
301 - 500	$40,000
501 - 1,000	$40,000
More than 1,000	$48,000

Figure 4

Average Annual Salary by Title

Vice President	$62,500
Director	$50,000
Manager	$45,000
Administrator	$29,500
Others*	$38,300

*Includes supervisors, superintendents, engineers, buyers, consultants, and analysts.

Source: Runzheimer

history, and one percent indicating a personnel management background.

Where is Fleet?

Fleet is managed by the "fleet department" most often in utility companies but by more general departments in business and government, the survey shows.

In the business category, 32 percent of respondents identified a service, operations or general administration department as the home of fleet management; two groups each of 17 percent reported their assigned department as either accounting/finance or specifically fleet management. The remaining categories were 15 percent transportation/traffic; nine percent purchasing, and 10 percent "other."

Government respondents identified general administration as the most prevalent department assignment for fleet (44 percent); a specific fleet department second (35 percent). The only other significant department assignment was transportation/traffic (13 percent).

Perhaps because utility fleets are more often comprised of larger, more complex and expensive large trucks, utilities tend to put fleet operations into its own department (and pay the manager more).

Most respondents reported a fleet management department assignment (47 percent); with a generalized administration department second (20 percent); transportation/traffic (13 percent), and "other" (13 percent).

Manager Preferred

All three business categories indicated a preference for calling the fleet manager the "manager."

That title was reported by 42 percent of the business category respondents; 40 percent of the government group and fully 74 percent of the utility respondents.

In business, the "administrator" category was second (25 percent) and Runzheimer attributes this to delegation to lower-level personnel because fleets are leased. The second title in government is "director" (20 percent) although the generalized "other" category had more respondents (33 percent). In utilities, the second reported title category was "other" (33 percent).

Duties Listed

The higher the title, the less time respondents say they spend on fleet duties.

Vice presidents say they devote 53.7 percent of their time to fleet duties; directors 63.3 percent; managers 72.7 percent; administrators 70.5 percent, and others (including supervisors, superintendents, engineers, consultants and analysts) 62.9 percent of their time on fleet duties. AF

When it comes time to dispose of used vehicles, where do fleet managers turn? This article summarizes a recent survey that posed this question, looks into some of the most effective disposal methods, and analyzes when each works best.

Options For Fleet Remarketing

Companies have a number of options to utilize when it comes to disposing of used fleet vehicles. In order to find out these options and get a better idea of how often each is used, and by whom, a survey was conducted in which 202 fleet managers were questioned regarding their companies' means of vehicle disposal. The average fleet size of the survey's respondents was 519 vehicles (Figure 1). The majority of the fleets managed by the respondents are owned by the companies (Figure 2).

The two most popular methods of vehicle disposal used by the respondents were remarketing through auctions (59 percent) and employee sales (57 percent). Among fleets that lease, returning the vehicles to the lessor is an option that is used 28 percent of the time (Figure 3), according to the results of the survey, which was conducted by Runzheimer International. Other options indicated by fleet managers included trading vehicles in towards the purchase of new ones (20 percent), selling used vehicles to wholesalers (nine percent) or through a sealed-bid process (nine percent), and retail sales (eight percent).

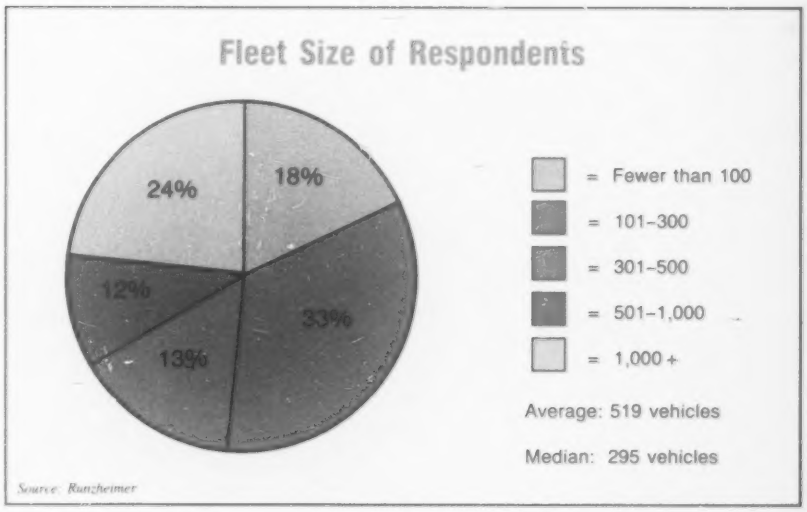


Figure 1

Auctions

Auctions are an effective way to quickly dispose of a large number of vehicles, particularly if they are in average or below-average condition. According to a number of respondents, used vehicles command a better resale price at auctions as opposed to the trade-in process. Perhaps for this reason, auctions were the *primary* source of disposal for 41 percent of the respondents. (See Figure 4)

Employee Sales

Of the 57 percent of respondents who sold used fleet vehicles to employees, only 22 percent indicated the method was their primary means of disposal (Figure 4). According to responses from survey participants, this is due to a lack of interest shown by employees in purchasing vehicles from their employers. Selling to employees is, however, a cost-effective means of disposal. Although the company may sell the vehicle for less than its retail value on the used-car market, it usually brings more than the wholesale, trade-in, or, in the case of a leased vehicle, residual value.

Allowing employees to purchase used fleet vehicles can lead them to take better care of their cars. One respondent said, "We were able to motivate our drivers to better main-

Type of Fleet Management*

Company-Owned	80%
Leased	47%

*Multiple answers

Figure 2

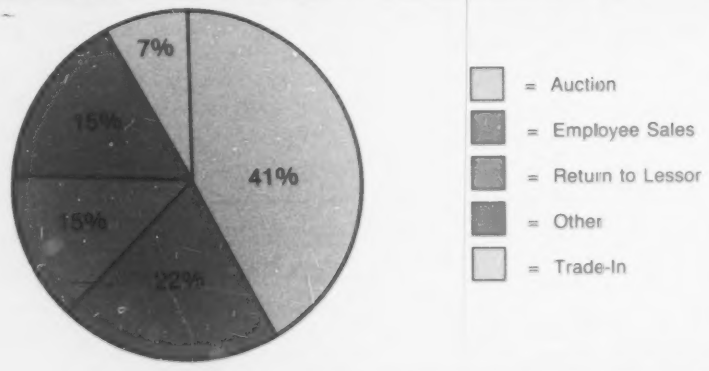
Disposal Options*

METHOD	
Auction	59%
Employee Sales	57%
Return to Lessor	28%
Trade-In	20%
Sell to Wholesalers	9%
Sealed Bid	9%
Sell Directly to Public	8%
Other	4%

*Multiple answers

Figure 3

Primary Methods of Vehicle Disposal



Source for figures: Runzheimer

Figure 4

tain their vehicles when we offered them the option to purchase. In addition, we realize a better resale value when we sell to our employees."

Selling to employees has its downside, however. It generates more administrative work for the company; for owned vehicles, bills of sale, titles, and odometer certificates must be processed and retained. Also, implied warranties in some states extend the company's obligation to the employee who buys a used fleet vehicle, meaning the company may be liable for problems stemming from subpar repairs and maintenance.

Companies that sell vehicles to employees can also face subsequent internal problems. One respondent indicated that vehicles with excessive mileage often develop mechanical problems, creating resentment on the part of the purchasing employee. Another fleet manager who had similar experiences noted that upgrading initial vehicle selection and decreasing service intervals helped improve sales to employees because the vehicles were more attractive at the time of disposal.

Return to Lessor

Of the 28 percent of respondents who cited returns to the lessor as a means of disposal, only 15 percent indicated it was their primary method (Figure 4). In most leasing arrangements, vehicle disposal and used-car value are significant considerations. When a vehicle is returned to a lessor, the lessor takes over most of the administrative work. In an open-end lease, the lessee takes responsibility for the difference between anticipated and actual resale value at the time of disposal. Thus, fleet managers should be concerned with the time of year during which the vehicle is to be sold and the time it takes the lessor to dispose of the vehicle.

Trade-In and Wholesale

Trading in used fleet vehicles was the primary means of disposal for

Fleets That Increased the Use of One Method of Disposal During the Last Two Years

YES	NO
23%	77%

Method Respondents Increased Use of (of those that increased use of a disposal method)

	Percent of Respondents
Employee Sales	37%
Auction	34%
Trade-In	5%
Return to Lessor	5%
Other	19%

Source: Runcheimer

Figure 5

only seven percent of the respondents, while selling to wholesalers, selling by sealed bid, and selling directly to the public were the primary sources of the respondents who comprised the remaining 15 percent.

Vehicle Disposal Trends

According to the results of the survey, 23 percent of the respondents have increased the use of a certain disposal method within the last two years (Figure 5). Remarketing used fleet vehicles through auctions and selling vehicles to employees were the two disposal methods gaining most in use. This indicates that some companies are remaining flexible in administering fleet disposal policies, especially when some methods prove to be more effective than others, such as auctions and employee sales.

When Vehicles Are Difficult To Sell

Key Factors Surrounding The Frequent Problem Areas In Vehicle Remarketing

The key to selling vehicles in used-car markets is determining which models sell well and which do not. Disposal methods must be decided on accordingly. Survey respondents identified some of the elements that separate vehicles which sell successfully in the used-car market from those that do not. All in all, five categories of "hard-to-dispose-of" vehicles were identified. Since these vehicles tend not to be sold to employees either, other means of disposal are suggested.

• **Special-purpose vehicles**, such as construction vehicles, cranes, police cars, and buses have a limited market and generally are not disposed of until they are functionally or economically obsolete. Therefore, the best disposal methods for these vehicles are wholesalers and auctions.

• **High-mileage cars**, those with over 60,000 miles, are undesirable trade-ins because of high repair risk. Auctions, sealed bids, and wholesalers would probably be the best disposal bets.

• **Vehicles the public has rejected**, such as diesels, or those no longer manufactured, are undesirable on the used-car market. Cars that never sold well at introduction also fall into this category. Auctions and wholesalers are the recommended methods of disposal for such cars, and it is further recommended that they be disposed of before they hit the 50,000-mile mark.

• **Models that are already in surplus on the used-car market**, such as the Escort, Omni, Horizon, and K-Car, tend not to have much trade-in value. Again, auctions and wholesalers are the recommended disposal methods.

• **Vehicles that are not equipped with what the retail market considers standard equipment**, such as automatic transmission, air conditioning, power steering and brakes, and AM/FM stereos, can be difficult to dispose. This category also includes mid-size cars with four-cylinder engines or full-sized cars with V-6 engines. Auctions are recommended.